



## A NEW DECADE OF EXPERIENCE RETAIL DAWNS ACROSS EUROPE

### *'WESTFIELD HOW WE SHOP: THE NEXT DECADE' RETAIL REPORT PREDICTS EXPERIENCE TIPPING POINT WILL BE REACHED IN 2025*

- The 'Westfield How We Shop: The Next Decade' report by Unibail-Rodamco-Westfield explores how consumers across Europe will be shopping by 2029
- Five key trends set to evolve the retail industry entirely - upside down retail; anti-prescription; self-sustaining stores; retail surgery and locally-morphed retail

**January 14<sup>th</sup> 2020** – Today, Unibail-Rodamco-Westfield unveils the 'Westfield How We Shop: The Next Decade', its biggest retail trends report to date, which predicts 2025 will be the experience tipping point in retail when more than half of retail space in stores will be dedicated to providing experiences.

The new report reveals the needs and wants of 15,700 consumers across ten countries in Europe including France, the UK, Spain, Germany, Austria, Sweden, Poland, the Czech Republic, Italy and the Netherlands and predicts the five major trends to shape the industry over the next ten years including:

- **UPSIDE-DOWN RETAIL** - the entire retail model and peoples' shopping habits will turn on its head by 2025, with 59% of consumers expecting more than half of retail space will be devoted to experience rather than product by this time. 75% of consumers have the view that this will happen by 2027. 81% of customers globally are willing to pay more for experience<sup>1</sup> with the most requested in-store activities needing to be creative, health and games orientated.
- **ANTI-PRESCRIPTION** – 56% of European consumers are frustrated by inaccurate online retail recommendations proving retailers should stay close to their consumers through data. Nearly 60% want to browse full ranges, not curated edits. Smart digital and bricks brands that use their online space to showcase the full range and their physical stores to surprise and delight could become tomorrow's star performers. Consumers are requesting more of their loved online brands to enter bricks & mortar, with the likes of streaming services Netflix, Spotify and Tinder all proving popular.
- **SELF-SUSTAINING STORES** – consumer conscience will rapidly accelerate a demand for more sustainable solutions with 71% of people demanding products are made in-store. 76% of Europeans want retailers to do more to address environmental concerns.
- **RETAIL SURGERY** – retailers will take personalisation to the next level using science to diagnose precise needs, which could be worth more than €4 Tn per year in Europe<sup>2</sup>. More than a third of customers are willing to provide their DNA in return for accurate recommendations.
- **LOCALLY-MORPHED** - retail spaces of tomorrow will become community hubs with 70% of consumers desiring them to reflect the people who live in the area. 51% would prefer local brands to well-known ones.



## UNIBAIL-RODAMCO-WESTFIELD

The launch of the 'Westfield How We Shop: The Next Decade' report follows the roll out of the only global shopping, leisure and dining destination brand, Westfield, across Continental Europe. Ten flagship destinations and two future developments were rebranded in France, Poland, the Czech Republic, Sweden, Germany and the Netherlands in 2019 with more locations to follow in 2020.

Christophe Cuvillier, Group Chief Executive Officer, Unibail-Rodamco-Westfield said: "The 'Westfield How We Shop: The Next Decade' report is one of the largest European studies of consumers' retail habits and is an industry first. Understanding customers' needs today and tomorrow is part of our commitment to driving the industry forward and ensuring we provide the ultimate destinations for our visitors to enjoy and our retailers and brands to thrive in."

Myf Ryan, Chief Marketing Officer Europe and Group Director of Brand and Strategic Marketing, Unibail-Rodamco-Westfield, commenting on the emerging trends said: "The important role of the physical store is changing and retailers need to enter another decade of reinvention to remain relevant. Retailers that lead on sustainability, devote more space to experience, provide free-range browsing online and in store, deliver precise product recommendations based on science and think local will reap the benefits."

### **TRENDS: IN DETAIL**

#### **Upside down retail**

The experience economy has changed the face of retail where today's shopper looks for 40% of retail space to be given over to experiences, but this is set to accelerate. The Westfield How We Shop report has identified 2025 as the experience tipping point. By this date, 59% of consumers expect retail spaces to handover more than half of their square meterage to seeing and doing, with three quarters of all shoppers (75%) predicting it will happen, at the very latest, by 2027.

42% of all European consumers and nearly half of Spanish, French and Czech shoppers want more creative experiences in store – from studios where you can create your own podcasts to video games. With rise of co-working across Europe, nearly 30% of city dwellers are seeking workspaces and educational opportunities within stores which rises to nearly 50% of people in Warsaw.

#### **Anti-prescription**

Research shows that despite the rise of automation in their lives, shoppers want to feel in control of their purchasing decisions. More than 143 million shoppers across key European cities are frustrated by inaccurate product recommendations whilst shopping online. 56% of European shoppers overall are not happy with their online recommendations with the most frustrated countries Poland at 70%, Spain at 63% and Austria at 62%, demonstrating the critical need to truly understand your customer. This is triggering a movement of anti-personalisation, with four out of five (80%) of European shoppers stating they enjoy the overall vibe of shopping in physical retail environments.

More online brands are looking to expand into physical retail for the first time to deepen their relationships with their consumers. The research unveiled the online brands that consumers would like to see in a physical store setting in the next ten years with 47% of shoppers wanting to see a Netflix store and 33% wanting Spotify.



### **Self-sustaining stores**

As consumers become even more conscious of their ecological impact on the planet, they are looking to brands to help them create a more sustainable future. The research shows that 290 Mn shoppers across Europe demand that the stores of the future become truly self-sufficient. Moving to a self-sustaining store model requires significant infrastructural change for big businesses. Smaller, nimble start-ups are likely to lead the charge and put pressure on larger businesses to change.

An impressive 71% of shoppers want brands to make products in-store whilst they wait or are created in-store beforehand to minimise waste, marking a trend for factory stores. 60% of European shoppers also want to ban single-use plastics with Austria, Spain, Germany, the UK and Poland all higher than the European average.

The store of the future will extend this self-sufficient approach and will include allotments on the roof to grow ingredients, a 4D-printing factory and studio allowing design teams to create product on demand. In addition, shoppers will be assured of zero-waste packaging solutions that will happen in-store and will even be able to pay for goods through points programmes where customers are rewarded for their positive eco-friendly practices.

Rental retail is also a growing trend amongst European consumers, all leading to the store of the future being more sustainable. Spanish, Polish, Swedish and Italian consumers are all higher than the average 45% of European consumers wanting to rent some products rather than buying them. Cars, scooters, home amenities and fashion and beauty are all popular potential rental items.

### **Retail surgery**

As we enter the new decade, research shows retailers will be able to, and be expected to, diagnose precisely what a shopper needs based on fact, rather than presumption, as just over half (51%) of shoppers look to stores to offer personal consultations in order to identify the perfect products for them. The Retail Surgery market of tomorrow could be worth up to €4 Tn Euros per year across Europe.

Retailers will start to act like doctors, prescribing specific, personalised and accurate solutions that will enhance shoppers' day-to-day lives. The trend comes to life through the research as a third (31%) of shoppers reveal they are happy to hand over their DNA in order to receive products better suited to them. The DNA testing market alone could be worth in excess of €18 billion across Europe, presenting an exciting opportunity for retailers over the next decade<sup>3</sup>.

### **Locally-morphed**

A trend for town hall malls is set to change retail destinations as we know them, as they morph into their surrounding environments, shaped by the individual communities they serve. Almost half of today's shoppers have a strong desire to be more connected with their local community, with seven out of ten shoppers revealing they want the retail environments of the future to reflect the individuals and communities in an area. This is particularly the case in Spain and Italy, where three quarters of shoppers want their shopping spaces to reflect the desires of local people.

Over half (51%) of shoppers say they would prefer to see home-grown brands over well-known ones in the retail environments of the future. This rises to 62% for Austrian and French consumers. 31% state they would like more 'locally-flavoured' community-feel experiences, such as local farmers selling their organic produce. There are also signs of rising nostalgia as consumers desire experiences such as book clubs, social clubs and community fairs, harking back to former times.



## UNIBAIL-RODAMCO-WESTFIELD

**Notes to Editor:** The 2019 Westfield *How We Shop: The Next Decade* quantitative survey was conducted by SCB Partners in June and July 2019 and was completed by 15,750 consumers across ten European countries. The countries surveyed were: Austria, the Czech Republic, France, Germany, Italy, the Netherlands, Poland, Spain, Sweden and The UK. Nationally representative samples in each country were achieved, accompanied by equal spread city boosts in Barcelona, Berlin, London, Madrid, Milan, Paris, Prague and Warsaw. The fifteen-minute survey was designed to explore five key trend areas within the report, identified by global communications agency Spark44.

### Additional Sources

1. Source: CapGemini *The Disconnected Customer* report, 2017
2. Total retail spend in the second quarter of 2019 within the European Union was €2,022,368.50 Mn. Source: Trading Economics. Therefore, spend per month is €674,122 Mn euros. 51% of European shoppers want retailers to offer personal consultations to provide them with the perfect product for them (Source: Westfield How We shop, 2019). Therefore, up to 51% of this spend €343,802.645 Mn per month) could be spent on personal consultations, equalling €4.124 Tn per year.
3. 31% of European shoppers are interested in DNA testing. European shopper population 341,744,784 – see point 2. DNA test costs approximately €170 with global brand '23 and Me'. The UK price used as a proxy for Europe, converted into euros. Source: 23 and Me.

### For further information or imagery, please contact:

[GWestfieldUK@hkstrategies.com](mailto:GWestfieldUK@hkstrategies.com)

020 7973 4444

### About Unibail-Rodamco-Westfield

Unibail-Rodamco-Westfield is the premier global developer and operator of Flagship destinations, with a portfolio valued at €65.0 Bn as at June 30, 2019, of which 86% in retail, 7% in offices, 5% in convention & exhibition venues and 2% in services. Currently, the Group owns and operates 92 shopping centres, including 55 Flagships in the most dynamic cities in Europe and the United States. Its centres welcome 1.2 billion visits per year. Present on 2 continents and in 12 countries, Unibail-Rodamco-Westfield provides a unique platform for retailers and brand events, and offers an exceptional and constantly renewed experience for customers.

With the support of its 3,700 professionals and an unparalleled track-record and know-how, Unibail-Rodamco-Westfield is ideally positioned to generate superior value and develop world-class projects. The Group has a development pipeline of €10.3 Bn.

Unibail-Rodamco-Westfield distinguishes itself by its Better Places 2030 agenda, that sets its ambition to create better places that respect the highest environmental standards and contribute to better cities.

Unibail-Rodamco-Westfield stapled shares are listed on Euronext Amsterdam and Euronext Paris (Euronext ticker: URW), with a secondary listing in Australia through Chess Depository Interests. The Group benefits from an A rating from Standard & Poor's and from an A2 rating from Moody's.

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